Course: ECONOMICS
Item WestEd_113979
Item Type: Select One
Standard: 5.2.PO 3
Blooms Taxonomy: None
Difficulty: None
Alignment:
Related Passage:
Correct Answer: D
Content Collection: MCESA Active Items

Which long-term economic consequence is **most** likely to occur if politicians increase the national debt by expanding government services while cutting taxes?

A. The federal government will become a monopoly, resulting in the bankruptcy of some private companies.

B. The federal government's budget deficit will decline, resulting in lower inflation and higher employment.

C. The federal government will be forced to increase efficiency, resulting in better provision of services.

D. The federal government's interest payments will increase, resulting in pressure to cut services or raise taxes.

Course: ECONOMICS
Item econ_pre_summ_2013_122073
Item Type: Select One
Standard: 5.1.PO 4
Blooms Taxonomy: None
Difficulty: None
Alignment:
Related Passage:
Correct Answer: B
Content Collection: MCESA Active Items

The excerpt below is from a March 26, 2013, article in *The Washington Post.*

> Housing values continue to rebound
>
> *The nation's housing market is continuing its resurrection, with data released Tuesday showing that prices are up, the number of distressed properties is down and new home sales remain far above last year's pace.*
>
> *Home prices rose in January at the fastest annual rate since just before the housing bubble burst in 2006, according to the S&P/Case-Shiller Home Price Indices.*

Based on the excerpt, the U.S. housing market is in which phase of the business cycle?

A. contraction

B. expansion

C. peak

D. trough

Course: ECONOMICS
Item WestEd_113149
Item Type: Select One
Standard: 5.3.PO 6
Blooms Taxonomy: None
Difficulty: None
Alignment:
Related Passage:
Correct Answer: A
Content Collection: MCESA Active Items

Which statement **best** explains the effect of a decision by the U.S. Federal Reserve System to increase reserve requirements for banks?

A. The money supply is reduced, which causes inflation to decrease.

B. Banks have more money to lend, which causes interest rates to rise.

C. The level of economic activity increases, which can lead to overproduction.

D. Banks have less money to repay depositors, which can lead to a recession.

Course: ECONOMICS
Item WestEd_113038
Item Type: Select One
Standard: 5.5.PO 5
Blooms Taxonomy: None
Difficulty: None
Alignment:
Related Passage:
Correct Answer: C
Content Collection: MCESA Active Items

The scenario below describes one person’s investment goals.

Selena has $50,000, and she wants to invest the money. She is looking for a long-term investment. She is willing to accept some risk as long as there is a potential for a good return. Selena wants her investment to be highly liquid, in case she needs to withdraw money quickly.

Based on the information, which investment vehicle should Selena choose?

A. real estate

B. life insurance

C. a mutual fund

D. a savings account